



ENHANCING CAPACITY FOR LOW EMISSION DEVELOPMENT STRATEGIES/EC-LEDS CLEAN ENERGY PROGRAM

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QUARTERLY PROGRESS REPORT

JANUARY 1, 2014 - MARCH 31, 2014



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QUARTERLY PROGRESS REPORT

QUARTER 2, YEAR 1

JANUARY 1, 2014 - MARCH 31, 2014

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Acronyms

AHEF Ad-Hoc Expert Facility

BAU Business as usual

BEO Bureau Environmental Officer

CE categorical exclusion
CNG compressed natural gas

COP Chief of Party

COM Covenant of Mayors
DCOP Deputy Chief of Party
DWG Decision Ware Group
EA environmental assessment

EC-LEDS Enhancing Capacity for Low Emission Development Strategies

EE energy efficiency

E&E Europe and Eurasia (USAID Bureau)

EIPMP Emission Inventory, Projection, and Mitigation Planning

EMMP Environmental Monitoring and Mitigation Plan

EPI Economic Prosperity Initiative

GB green building

GBCG Green Building Council Georgia

GBCWG Green Building Certification Working Group

GeMunee Georgian Municipal Energy Efficiency

GHG greenhouse gases

GOG Government of Georgia

GWh Giga-watt hours

HPEP Hydropower and Energy Planning IBC International Building Council IEE Initial Environmental Examination LED low emission development

MEO Mission Environmental Officer MOE Ministry of Environment MoE-AD Ministry of Energy and Natural Resources Analytical Department

MRV Monitoring, Reporting and Verification

MUNI-EIPMP Municipal Inventory, Projection and Mitigation Planning NATELI New Applied Technology Efficiency and Lighting Initiative

PEA Programmatic Environmental Assessment

PMP Performance Monitoring Plan public private partnerships

RE renewable energy
RFP request for proposals
SC Steering Committee

SDAP-Center Sustainable Development and Policy Center

SEAP Sustainable Energy Action Plan

SS scoping statement

SUDeP Sustainable Urban Demonstration Projects

USAID United States Agency for International Development

I. EC-LEDS CLEAN ENERGY PROGRAM EXECUTIVE SUMMARY

The USAID Georgia Enhancing Capacity for Low Emission Development Strategies (EC-LEDS) Clean Energy Program is a four-year (October 2013 – September 2017) effort focusing on three activities: I) Georgian Municipal Energy Efficiency (GeMunee); 2) Green Building Rating and Certification System; and 3) National EC-LEDS Working Group and Advisory Assistance. Winrock International has been granted a cooperative agreement to implement the EC-LEDS Clean Energy Program for Georgia to support increased climate change mitigation by building municipal capacity in climate change mitigation measures and raising public awareness; increasing private sector investment in energy efficiency (EE) and green buildings (GB); and strengthening Government of Georgia (GOG) capacity to develop and implement a national Low Emission Development Strategy. This report represents the first Quarter of the EC-LEDS Clean Energy Program covering the period of January 1, 2014, through March 31, 2014.

Key Achievements (Qualitative Impact)

The EC-LEDS Clean Energy Program, funded by USAID/Caucasus, supports Georgia's efforts to increase climate change mitigation through energy efficiency and clean energy. The broader goal is to enable more responsible management and development of Georgia's natural endowments. The objectives of the program are to support Georgian municipalities in institutionalizing and implementing climate change mitigation measures, promoting and facilitating private sector investment in energy efficiency and green buildings, and building the capacity of the GOG to develop and implement a national Low Emission Development Strategy in support of the USG EC-LEDS initiative.

During the four years, the EC-LEDS Clean Energy Program is expected to reduce greenhouse gas (GHG) emissions in Georgia by at least 236,372.9 metric tons of CO_2 equivalent, facilitate up to \$14 million in private sector investments in clean energy, and lead to energy savings of up to 315 GWh (the equivalent of approximately \$22 million).

Component 1: Georgian Municipal Energy Efficiency (GeMunee)

In 2008, the EU launched the COM to endorse and support local governments in implementing sustainable energy policies. Cities and local authorities that want to join or become signatories to the COM must follow certain steps and take certain actions. For example, signatories must create an inventory to quantify GHG emissions, develop a Sustainable Energy Action Plan (SEAP), and establish a Sustainable Energy Office or regional Sustainable Energy Resource Center, among other things. Seven cities are currently signatories in Georgia—Batumi, Gori, Kutaisi, Poti, Rustavi, Tbilisi, and Zugdidi. The first city to become a signatory in Georgia, Tbilisi, developed and submitted its SEAP in 2011 and established a Sustainable Energy Agency with assistance from USAID.

The EC-LEDS Clean Energy Program, through the GeMunee component, will build on USAID's support for Tbilisi and expand assistance to at least nine other municipalities to enable their participation in the COM, including those that are already signatories. Assistance will be limited to those municipalities that are not receiving assistance for similar activities from other donors.

Assistance to the ten municipalities will include:

- Development and implementation of SEAPs;
- Establishment of Sustainable Energy Offices or Regional Sustainable Energy Resource Centers:
- Development of Monitoring/Reporting/Verification Plans;
- Development of Sustainable Energy Public Awareness Plans;
- Identification and implementation of Demonstration Projects via Partial Grants; and
- Development Credit Authority Guarantees and Financial Institution Assistance.

During Quarter 2, the project focused on identifying the 10 potential municipalities to assist in developing and implementing SEAPS, developing the analytical tool for developing SEAPS, and beginning SEAP development for the top priority municipalities, including Batumi, Kutaisi and Zugdidi. In addition, Remissia will produce the Monitoring, Reporting and Verification report (MRV) for the city of Tbilisi which is overdue. Experts were hired and provided training in LEDS and SEAPS to assist with analysis for Batumi's urban planning and development; for Kutaisi's building, public lighting, greening and waste sectors; and for the transport and tourism sectors for both cities. Due to upcoming local government elections to be held in June 2014 and impending legislation, a second round of interviews with local governments will be held after the local elections, to verify the priorities for Year 2.

Component 2: Green Building Rating and Certification System

The EC-LEDS program is tasked with recommending, developing, and implementing a voluntary green building rating system and/or building energy performance labeling program in Georgia. In addition, the new government is focusing on development of a National Energy Efficiency Housing Plan and is revising the Construction code. Subsequently, they will develop secondary legislation including a mandatory energy efficiency code.

During the second Quarter, work continued on finalizing the assessment report on energy efficiency (EE) in buildings and green buildings (GB) in Georgia. This report includes recommendations on choosing a rating system to certify, developing an energy performance labeling program/code for Georgia, developing a certification program to certify buildings that meet the requirements of these programs and a professional accreditation program, and developing a system to measure and verify the impact of certified buildings.

To prepare for development and implementation of the green building certification system in Georgia, three EC-LEDS representatives attended the third International Green Building (GB) Conference held in Istanbul, Turkey and the first meeting of the European Network of GB Councils in February. The three EC-LEDS representatives included Mr. David Gigineishvili, Head of the Spatial Planning and Construction Policy Department under the Ministry of Economic Development; Mr. Levan Natadze, the Executive Director of the Green Building Council Georgia (GBC Georgia); and Ms. Inga Pkhaladze, the Deputy Chief of Party (DCOP) of the EC-LEDS program.

The Ministry of Economy and Sustainable Development's Office of Spatial Planning and Construction Policy is developing a framework construction code for which EC-LEDS provided language on green buildings, to supplement the language already incorporated on energy efficiency. This framework legislation was shared with stakeholders on February 5-7, 2014 at a public hearing organized by the Ministry and GIZ. An updated version of the code

will be presented at a second public hearing meeting in April, 2014.

During Quarter 3, EC-LEDS will host the second meeting of the Green Building Certification Working Group (GBCWG) to further develop the program to certify green and energy efficient buildings and accredit professionals to conduct the certifications.

Component 3: National EC-LEDS Working Group and Advisory Assistance

The bilateral EC-LEDS initiative provides a strategic framework for the GOG to articulate concrete actions, policies, and programs that slow the growth of emissions while advancing economic growth and meeting Georgia's development objectives. This framework will provide a foundation for achieving long-term, measurable GHG emission reductions, as compared to a BAU development pathway, and for improving environmental management in Georgia. Representatives of the U.S. Government, including USAID, and the GOG (from various ministries) formed a working group to achieve the goals and actions agreed upon by both countries in the Memorandum of Understanding signed on December 17, 2012.

During Quarter two, the Ministry of Environment established sub-working groups to take the lead on developing the various sectorial plans comprising the LEDS. Most of the technical sub-working groups will be managed by the relevant responsible Ministries. EC-LEDS met with these key Ministries, as well as Geostat (the GoG's national statistics agency) to present an overview of LEDS and its relevance for the Ministries' areas of responsibility, and to secure their commitment to participate in the process. Presentations included the benefits of developing a multi-sectorial LEDS, and its potential impact on economic growth and attracting funding for projects. The meetings solidified the Ministries' participation in the LEDS Steering Committee and Expert Working Group (WG), and leadership of the assigned sub-working groups.

Updating of the Markal Georgia model is a shared responsibility of EC-LEDS and the Hydropower and Energy Planning (HPEP) project, as HPEP is preparing Markal Georgia for use by the Ministry of Energy in developing an updated energy strategy. The methodology and results of the Markal model in producing projections of emissions, beginning with the Business-As-Usual (BAU) projections, will be presented to the LEDS WG during Quarter 3.

Due to the limited funds available for Component 3 under the EC-LEDS program, USAID envisions other donors playing a critical role in supporting the LEDS process. Other donor programs were identified and EC-LEDS is mapping these programs to the GOG's technical assistance needs for developing the LEDS. When this is complete, EC-LEDS will assist the MOE in preparing for a LEDS donor coordination meeting.

Public Outreach Activities

In order to reach EC-LEDS Clean Energy Program goals and build a clear understanding of the benefits of LEDS, energy efficiency technologies and green buildings and implementation tools, the program incorporates public outreach activities across all components.

The EC-LEDS Clean Energy Program launch was held on January 28th in Sheraton Metechi Palace Hotel. The event was celebrated by USAID Mission Director Stephen Haykin, Minister of Environment Khatuna Gogaladze, Deputy Minister of Energy Mariam Valishvili,

members of the Steering Committee on the Low Emissions Development Strategy (LEDS), international donor organizations, NGOs and universities.

Alliance to Save Energy outreach experts visited Tbilisi in January to support EC-LEDS in developing a strategy for the public awareness activities planned for Components I and 2. These experts held meetings with local partners and provided a detailed presentation of their public outreach program in Ukraine, as an example, including the tactics, tools, audiences, distribution channels, specific activities, as well as results and lessons learned.

A baseline survey request for proposals (RFP) was issued, and an informative pre-bidding conference held on March 27, 2014. Implementation, expected to begin in April, will focus on collecting information on knowledge, attitudes and behaviors useful for finalizing the national communications plan and to develop baseline information for outreach-related indicators.

Financial Activities

Assistance was provided to municipalities to develop project concepts for submission to the EU under the Sustainable Urban Demonstration Projects (SUDeP) Supporting the Eastern Partnership cities in the implementation of their Sustainable Energy Action Plans (SEAPs) under the Covenant of Mayors. Winrock, in its planned role as Associate member of the proposal teams, assisted several NGOs and municipalities in submitting concept notes for the SUDeP grant program. Five concept notes were submitted with Winrock's assistance, totaling EUR 4,788,990 for geothermal and energy efficient housing projects in Tbilisi, a green transport project in Batumi, a "green city" project in Kutaisi focused on development of green zones, and a project in Rustavi to reduce energy use in kindergartens and measure the social and cost impacts.

Environmental Protection Activities

EC-LEDS drafted a scoping statement (SS) and report for those components not subject to a categorical exclusion (CE) or CE with conditions per the Initial Environmental Examination (IEE) and the draft report was submitted to USAID on March 31st. As part of the above process, in February the EC-LEDS team organized scoping statement (SS) stakeholder meetings. During Quarter 2, data was being collected for development of the Programmatic Environmental Assessment (PEA). This will continue in Quarter 3 when the PEA will be finalized.

Program Progress (Quantitative Impact)

The revised PMP for year I of the EC-LEDS program was included in the final revised work plan submitted to USAID on March 17, 2014. Progress towards achieving targets is reported by inclusion of the following indicators - OPII: the number USG supported training activities (2), OPI6: the number of individuals receiving training in energy-related policy and regulatory practices (9: 8 male, I female), and OPI9: the number of developers, investors, building owners, and buyers aware of green building rating and certification systems (II).

The baseline survey mentioned above will collect data useful for indicators related to the public outreach activities.

Project Administration

Constraints and Critical Issues

Due to upcoming local government elections to be held in June 2014, with the expected changes in the management of the municipalities, decisions on the COM process could change. A second round of interviews with local governments will be held after the local elections, to verify the priority municipalities for Year 2.

It was determined that capacity-building for local sub-awardees must be fast-tracked before moving to cost reimbursable agreements with advances. Winrock provided training in January, and the sub-awardees developed and implemented key management and financial policies and procedures based on this training.

Personnel

One local staff person, a Monitoring and Evaluation specialist, Mr. David Gvenetadze, began work on January 15, 2014. Recruitment for a local LEDS Advisor is in progress. Mr. Brian McCotter was engaged as the EC-LEDS International Outreach Consultant. Dr. Michael Hanowsky was hired as an International LEDS Consultant.

Changes in the project

USAID is interested in committing more resources to provide Technical Assistance to the GoG for Component 3, Assistance to the EC-LEDS Steering Committee. EC-LEDS submitted a realignment request in Quarter 2; a modification to the cooperative agreement based on this request is expected in Quarter 3.

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II. KEY ACHIEVEMENTS (Qualitative Impact)

The EC-LEDS Clean Energy Program, funded by USAID/Caucasus, is a four-year program implemented by Winrock International to support Georgia's efforts to increase climate change mitigation through energy efficiency and clean energy. The broader goal is to enable more responsible management and development of Georgia's natural endowments. The objectives of the program are to

- Support Georgian municipalities in institutionalizing and implementing climate change mitigation measures;
- Promote and facilitate private-sector investments in energy efficiency and green buildings; and
- Build the capacity of the GOG to develop and implement a national Low Emissions Development Strategy in support of the U.S. Government EC-LEDS initiative.

Components I and 2 will be implemented throughout the four years and will be continued by the local organization in the last two years of the program. Component 3 will be completed by the end of the third year.

During the four years of the program, the EC-LEDS Clean Energy Program is expected to reduce GHG emissions in Georgia by at least 236,372.9 metric tons of CO₂ equivalent, facilitate up to \$14 million in private sector investments in clean energy, and lead to energy savings of up to 315 GWh (the equivalent of approximately \$22 million).

Component I: Georgian Municipal Energy Efficiency (GeMunee)

In 2008, the EU launched the COM to endorse and support local governments in implementing sustainable energy policies. Cities and local authorities that want to join or become signatories to the COM must follow certain steps and take certain actions. For example, signatories must create an inventory to quantify GHG emissions, develop a Sustainable Energy Action Plan (SEAP), and establish a Sustainable Energy Office or regional Sustainable Energy Resource Center, among other things. Seven cities are currently signatories in Georgia—Batumi, Gori, Kutaisi, Poti, Rustavi, Tbilisi, and Zugdidi. The first city to become a signatory in Georgia, Tbilisi, developed and submitted its SEAP in 2011 and established a Sustainable Energy Agency with assistance from USAID.

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- Development of Sustainable Energy Public Awareness Plans;
- Identification and implementation of Demonstration Projects via Partial Grants; and
- Development Credit Authority Guarantees and Financial Institution Assistance.

During Quarter 2, the project focused on identifying the 10 potential municipalities to assist in developing and implementing SEAPS, beginning development of SEAPS for the top priority municipalities, developing the analytical tool to be used for developing SEAPS, and developing an approach to Monitoring, Reporting and Verification (MRV) for approval by the COM.

Sustainable Energy Action Plans (SEAPS)

Selection of priority municipalities and Development of SEAPS

In early January, the process of identifying 10 potential municipalities countywide began with visits to 15 municipalities. The municipality evaluation criteria -approved by USAID under the ECLEDS project Year 1 Work Plan was used to evaluate and prioritize municipalities. Meetings were conducted with representatives of Zugdidi, Kazbegi, Telavi, Akhaltsikhe, Zestaponi and Gori municipalities and with the City Halls of Poti, Batumi, Kutaisi, and Tbilisi.

After collecting all available information all municipalities were assessed according to the criteria described below:

	Selection Criteria	Weight of criteria
I	CoM Signatory city/municipality or strong intention to join COM	10
2	Projected increase in GHG emissions because of economic or population growth	7
3	Willingness of a municipality to address emissions through facilitation and implementation of energy efficiency improvements	8
4	Willingness of a municipality to cooperate with the EC-LEDS	This criterion is used a filter. If the municipality does not express willingness to cooperate with the EC-LEDS program, it is automatically excluded.
5	Willingness of the municipality to contribute with human resources	9
6	Annual expenditure in a municipality for infrastructure improvements/construction.	10
7	Total population within the municipality	5
8	Annual energy consumption in municipality (if known)	4

Using a multi-criteria analysis based on the evaluation criteria above, Batumi received the highest score, followed by Kutaisi, Gori, Tbilisi, Poti, Rustavi and Zugdidi. All seven of these cities are signatories to the Covenant of Mayors (COM0, having signed in different years beginning in 2010. Batumi and Kutaisi have postponed their deadlines for SEAP submissions to the COM Secretariat. They both must submit their Sustainable Energy Action Plans

(SEAPS) by April 15, 2014 or they will be eliminated from the list of signatory cities, and will automatically lose the opportunity to receive benefits related to grant financing of potential projects announced by the COM. Based on the assessment, and meetings with Batumi and Kutaisi, these two cities were selected as top priority cities to receive technical assistance for SEAPS under the EC-LEDS Clean Energy Program in 2014.

Gori, Tbilisi, Poti, Rustavi and Zugdidi were all considered for the third municipality to be assisted during Year 1. Tbilisi, Gori and Rustavi have already submitted SEAPS to the EU. Zugdidi was chosen over Poti since their SEAP submission deadline to the COM secretariat is earlier than Poti's SEAP submission date. In addition to Batumi and Kutaisi, Zugdidi must submit their first SEAP prior to September 30, 2014 and Tbilisi must submit their MRV report which is long overdue. Because both Kutaisi and Zugdidi are behind schedule in preparing their SEAPS, both municipalities are planning to request an extension of their deadlines. Therefore, EC-LEDS will produce three SEAPs in year one for Batumi, Kutaisi and Zugdidi. In addition, Remissia will produce the Monitoring, Reporting and Verification report (MRV) for the city of Tbilisi which has overrun the deadline for the MRV report submission that was due in 2011. Rustavi must submit its MRV report to COM by the end of calendar year 2014. The delay to date has been due to no MRV guidelines being issued by COM (the original deadline was 2010). Since it is not yet known when the COM will issue the MRV guidelines, EC-LEDS is developing our own MRV protocols for submission to the COM for approval.

Table of multi-criteria analysis for selection of SEAP municipalities

Munici- pality/	Crit. 4	Criterion I (10)	Criterion 2 (7)	Criterion 3 (8)	Criterion 5 (9)	Criterion 6 (10)		Criterion 7 (5)			Score	Rank
Criteria (Weight)												
		0	21	40	45	6.1	6.2		8.1	8.2		
Akhaltsikhe	Yes	150	98	120	135	I	130	15	0	0	23.0	14
Batumi	Yes	150	84	80	90	1	150	60		52	171.7	
Gori	Yes	50	7	40	45	İ	140	55	I	44	160.9	3
Kazbegi		100	42	40	45	I	30	5	0	0	52.0	13
Khashuri		150	91	120	135	İ	70	30	0	0	98.5	9
Kutaisi	Yes	0	63	0	0	I	100	70	I	40	166.5	2
Ozurgeti		50	28	40	45	0	0	45	0	0	4.5	15
Mtskheta	Yes	150	14	80	90		80	20	0	0	58.5	12
Poti	Yes	150	70	80	90	1	120	10		56	155.6	5
Rustavi	Yes	50	35	40	45	İ	50	50	I	60	153.0	6
Sagarejo		150	105	120	135	1	110	25		36	65.6	10
Tbilisi	Yes	50	56	80	90	I	90	75	I	32	165.2	4
Telavi	Yes	100	49	80	90	I	20	35	I	28	65.3	
Zestafoni	Yes	150	77	80	90	I	60	40	0	0	107.0	8
Zugdidi	Yes					I	40	65	I	48	152.3	7

The first round of assessment was conducted in 15 municipalities and self-governing cities. Therefore the maximum score is set at 15, though the minimum is not fixed and depends on the nature of criterion. The details of the scoring methods for each criterion, and a description of each criterion and the number of points assigned for each level, and the overall results of the final ranking of the 15 municipalities according to the selection criteria are described below.

Criterion I (weight 10) - CoM Signatory city/municipality or strong intention to join COM

- I. CoM Signatory 15 (1)
- 2. Strong intention to sign CoM confirmed by written document-10 (2/3)
- 3. Strong intention to sign CoM is confirmed verbally-5 (1/3)
- 4. Strong intention to join CoM is not expressed-0 (0)

Criterion 2 (weight 7) - Increase in GHG emissions caused by economic or population growth for the past three years. Annual per capita GHGs emission calculated for the last three years (2.9 in 2009, 2.8 in 2010 and 3.2 in 2011) is multiplied by population of the municipality in the same years.

Criterion 3 (weight 8) - Willingness of a municipality to address emissions through facilitation and implementation of energy efficiency improvements

- I. Municipality has the initiative to implement EE measures- 15
- 2. Municipality has willingness to address emissions through facilitation and implementation of energy efficiency improvements confirmed in writing -10
- Municipality has willingness to address emissions through facilitation and implementation of energy efficiency improvements confirmed verbally –5
- 4. Municipality does not have any willingness to address emissions through facilitation and implementation of energy efficiency improvements **0**

Criterion 4 – The explanation is provided in the table of selection criteria above.

Criterion 5 (weight 9) - Willingness of the municipality to contribute with human resources especially ensuring implementation and monitoring of SEAP

- I. Human resources are already allocated and engaged 15
- 2. Municipality confirmed in writing readiness to contribute human resources—10
- 3. Municipality confirmed verbally readiness to contribute human resources—5
- **4.** Municipality is not ready (lack of financial resources or understanding of importance of the issue) to contribute human resources **–0**

Criterion 6 (weight 10) - Annual expenditure in a municipality for infrastructure improvements/construction. First, the municipalities are filtered using sub-criteria 6.1, % of budget spent on infrastructure. If budget share for infrastructure is less than 30% for self-governing city or less than 20% for municipality, then the criterion 6.1 equals 0. When 6.1 is 0 then a 0 is also assigned for sub-criterion 6.2. The remaining cities with 1 in sub-criterion 6.1 are ranked according to their contribution to infrastructure development, measured by the percentage of their budget allocated to infrastructure.

Criterion 7 (weight 5) - Total population within the municipality Municipalities are ranked I-I5 according to their population in 2011.

Criterion 8 (weight 4) - Annual energy consumption in municipality (if known) This criterion is similar to criteria 2 and 6, since answers are first pre-filtered. Those municipalities where the energy consumptions is not known receive a "0" for 8.1 and 8.2; those which have energy consumption are then ranked according to the growth rate of their energy use for the past three years (2010, 2011, and 2012).

Due to upcoming local government elections to be held in June 2014, with the expected changes in the management of the municipalities, decisions on the COM process could change. According to the draft legislation on local governments, new self-governing cities may be identified by the Parliament prior to these elections. As indicated in the Year I work plan, only 4 municipalities will be provided technical assistance for SEAP development in Year I. The remaining 6 municipalities may change, depending on the outcome regarding this legislation. High interest in SEAPS by almost all local governments in the potential new self-governing cities is expected. A second round of interviews with local governments will be held after the local elections, to verify the priorities for Year 2. EC-LEDS will also conduct a number of workshops by engaging broader stakeholder consultations to refine the weights used in the municipality evaluation criteria.

Development of MUNI EIPMP Analytical Tool

In January work began on the development of the Municipal Inventory, Projection and Mitigation Planning (Muni-EIPMP) tool. The team defined the tool modules and began working on the first module, i.e. data gathering and inventory. Testing and improving the tool was conducted with city of Kutaisi staff, followed by the city of Batumi. In March the Public Lighting and Transport modules were developed and tested. The first short demonstration version of the Muni-EIPMP tool, including base year inventory and public lighting sectors, is being reviewed, including the ability to harmonize data and results with the national Markal Georgia model. Development of the transport sector inventory and BAU modules for the MUNI EIPMP, and testing of all modules, continued throughout Quarter 2.

Implementation of the baseline survey will begin in the third Quarter, beginning with designing the survey questionnaire, conducting pretests and completing interviews. This survey will collect end-use data useful for SEAP analysis.

Developing SEAPS for Priority Municipalities

During February, the Chief of Party presented information on the EC-LEDS program at the "Town Twinning for Climate Protection" Conference held in Batumi on February 13 and 14. This conference was co-funded by the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety and the Federal Environmental Agency, cosponsored by the City of Batumi, and organized by the Climate Alliance's European Secretariat in Frankfurt am Main, Germany. The conference was designed to foster exchange between German and Georgian communities in the area of municipal climate protection and aims to induce long-term cooperation. The development and implementation of Sustainable Energy Action Plans (SEAPs), a central tool in the European initiative Covenant of Mayors (COM) was the focus of the conference. The presentation

provided an overview of the EC-LEDS program and focused specifically on Component I GeMunee and its assistance to municipalities in developing and implementing SEAPs.

EC-LEDS team members attended a meeting called by the Tbilisi municipality on February 25th to discuss the status of Tbilisi's SEAP (submitted in 2011), to identify next steps in the process of identifying emissions reduction projects, and plans for increasing awareness of energy efficiency and renewable energy in Tbilisi. EC-LEDS will continue to participate in Tbilisi's stakeholder meetings and provide assistance with facilitating investments in mitigation projects and increasing public awareness.

During the months of February and early March, the EC-LEDs team selected experts from different sectors to begin work on conducting analysis for developing SEAPs. By mid-March, experts were contracted to develop analysis for Batumi's Transport Sector (a parking policy expert) and to develop their Urban Planning and Development Strategy. A consultant for conducting a Batumi tourism sector study was also contracted. An expert to conduct the Kutaisi transport inventory using COPERT software was engaged, and consultants were hired to assist Kutaisi in conducting analysis of their building, waste, transportation and tourism sectors.

By end of March, the Parking Development Strategy and the initial Urban Development Strategy were received from the experts. Work continues on the Batumi SEAP, though the Batumi Municipality is planning to submit the existing version of the SEAP to the COM secretariat to meet the deadline for submission. The SEAP will be updated and resubmitted with more complete plans by August 2014. EC-LEDS will also collaborate with the UNDP-GEF funded Green Cities Initiative to be implemented in Batumi. This project, focused on the transport sector, will provide a further injection of funds for the implementation of mitigation projects.

The Kutaisi experts working on analysis of the transportation, waste, buildings, public lighting, and greening sections of the SEAP provided updates for analysis by the EC-LEDS team. Identification of local experts for Zugdidi municipality began during the second Quarter.

Component 2: Green Building Rating and Certification System

The EC-LEDS program is tasked with recommending, developing, and implementing a voluntary GB rating system in Georgia. In addition, the new government is focusing on development of a National Energy Efficiency Housing Plan and is revising the Construction code. Subsequently, they will develop secondary legislation including developing a mandatory energy efficiency code. The Alliance to Save Energy is the primary partner for this task, with support from the GBC Georgia and SDAP-Center.

During Quarter 2, work continued on reviewing and finalizing the assessment report on energy efficiency (EE) in buildings and green buildings (GB) in Georgia, to be submitted to USAID in Quarter 3. The report provides a short overview of the six most widespread Green Building certification and rating systems of the world. The building stock and construction activities of Georgia are reviewed, with approximate states of buildings' thermal performances and the future market for EE and GB in Georgia. Recommendations for promoting green and energy efficient buildings include developing a Georgia-specific energy performance labeling program and promoting the BREEAM and LEED rating systems

initially. The report also suggests a Framework Approach to Developing a Monitoring, Reporting and Verification (MRV) Plan.

On February 19-21, three representatives of the EC-LEDS program attended the third International Green Building (GB) Conference held in Istanbul, Turkey. This is an annual event, hosted this year by the Turkish Green Building Council and the World Green Building Council's European Regional Network (ERN), and it was preceded by the first meeting of the European Network of GB Councils. The three EC-LEDS representatives included Mr. David Gigineishvili, the Head of Spatial Planning and Construction Policy Department under the Ministry of Economic Development; Mr. Levan Natadze, the Executive Director of the GBC Georgia; and Ms. Inga Pkhaladze, the DCOP of the EC-LEDS program. In addition, support was provided by the World Green Building Council for two additional participants to join the delegation, e.g. Mr. Alexander Ramishvili, a member of the GBC Georgia Board of Directors, and Mr. Temur Bolotashvili, Director of the Georgian Building Institute.

In addition to attending the plenary sessions, meetings were conducted with Paul King, Vice Chair of World Green Building Council and CEO, UK GBC; Dominika Czerwinska, Manager of Membership and Europe Network, World Green Building Council; James Drinkwater, Senior Policy Advisor, World GBC Europe Regional Network; the CEOs of the Romanian, Russian and Turkish GBCs, and with several members of the Turkish GBC Board. During the meeting of the ERN, the GBC Georgia agreed to join the Common Education Platform of the World Green Building Council which is led by the ERN. Membership in this network will allow GBG Georgia to use the ERN's already developed curricula for providing GB training activities in Georgia.

Revisions of the building and construction codes are in process, with initial efforts focused on developing a framework construction code, focused primarily on safety. The Ministry of Economy and Sustainable Development's Office of Spatial Planning and Construction Policy, headed by Mr. David Gigineishvili, is developing this code. While European standards were used for Georgia's structural code, the Ministry is now focusing on non-structural issues, beginning with mechanical and plumbing requirements, then energy performance, followed by green codes, based on the International Building Council (IBC) family of codes. IBC provides minimum requirements useful for Architects, and can be easily adapted to the situation in Georgia to provide a common standard for construction.

This framework legislation was shared with stakeholders on February 5-7, 2014 at the public hearing meeting of the Construction Code of Georgia was arranged by the Spatial Planning and Construction Policy Department of the Ministry of Economy and Sustainable Development of Georgia and GIZ at Courtyard Marriot hotel in Tbilisi. It was attended by 88 people representing various fields of activities and professions involved in the city planning, design and construction processes, and also academia and scientific and research institutions. The Construction code, officially called "The Spatial Planning and Construction Code", and hereinafter referred to as "the Code", was reviewed in detail according to the paragraphs and articles and comments and recommendations recorded. EC-LEDS provided language on green buildings to supplement the language already incorporated on energy efficiency. The updated version of the Code will be presented at the second public hearing meeting in April, 2014.

In February, a meeting was held with Mr. Gigineishvili about the Ministry's plans to develop

an Energy Efficiency in Housing Plan. EC-LEDS alerted the Ministry to the Inogate Sustainable Energy Program and he is currently in discussions with Inogate regarding funding for development of this plan, through Inogate's Assistance from the ITS Ad Hoc Expert (AHEF) facility.

During Quarter 3, EC-LEDS will host the second meeting of the Green Building Certification Working Group (GBCWG). At this meeting, stakeholders will agree for which existing rating systems and/or energy performance labeling programs they will develop a certification and professional accreditation system, and identify the need for a Georgia-specific rating system and/or energy performance labeling program and energy performance voluntary code.

Component 3: National EC-LEDS Working Group and Advisory Assistance

The bilateral EC-LEDS initiative provides a strategic framework for the GOG to articulate concrete actions, policies, and programs that slow the growth of emissions while advancing economic growth and meeting Georgia's development objectives. This framework will provide a foundation for achieving long-term, measurable GHG emission reductions, as compared to a BAU development pathway, and for improving environmental management in Georgia. Representatives of the U.S. Government, including USAID, and the GOG (from various ministries) formed a working group to achieve the goals and actions agreed upon by both countries in the Memorandum of Understanding signed on December 17, 2012.

The EC-LEDS team will participate in the Steering Committee comprised of the Minister of Environment, the USAID Mission Director and other USAID representatives, and First Deputy Ministers and Deputy Ministers of the Ministries and agencies involved in LEDS, as well as the Expert Working Group, comprised of the same Deputy Ministers and their technical staff. EC-LEDS will also assist the Ministry of Environment in its role as Coordinator of the Low Emission Development Strategy (LEDS) and its climate change office, which serves as the Secretariat for the LEDS SC and WG.

The program will play a critical role in making sure that assistance activities are linked with national priorities, and that data, findings, and results at the municipal level are used to inform national actions, policies, and programs. This will include providing advisory assistance to the GOG as needed. Areas for bilateral cooperation and assistance may include activities that increase and encourage the use of clean and energy efficient resources; support the development of a national GHG inventory system; improve the policy environment in low emissions economic growth; expand economy-wide and technical modeling efforts; and improve governance of Georgia's natural resources. Component 3 is led by Winrock, with support from local partner Remissia and international partner DWG.

During Quarter two, the Ministry of Environment established sub-working groups to take the lead on developing the various sectorial plans comprising the LEDS. Most of the technical sub-working groups will be managed by the relevant responsible Ministries. The exception is the buildings group, which is not the responsibility of any particular Ministry. The Ministry of Environment asked Mr. Giorgi Abulashvili, Director of the Energy Efficiency Center (EEC) in Georgia, who is also the liaison for municipalities to the COM, to lead the group. The other sub-working groups will address LEDS in agriculture (Ministry of Agriculture); waste management (Ministry of Regional Development and Infrastructure);

industry, tourism, transportation, and urban development (Ministry of Economy and Sustainable Development); energy supply (Ministry of Energy); and forest management and agroforestry (Forestry Agency in the Ministry of Environment). EC-LEDS met with these key Ministries, as well as Geostat (the GoG's national statistics agency) to present an overview of LEDS and its relevance for the Ministries' areas of responsibility, and to secure their commitment to participate in the process. Presentations included the benefits of developing a multi-sectorial LEDS, and its potential impact on economic growth and attracting funding for projects. The meetings solidified the Ministries' participation in the LEDS Steering Committee and Expert Working Group, and leadership of the assigned sub-working groups. All Ministries agreed to identify one liaison for the Expert Working Group and to serve as the leader of the relevant sub-working group. An initial assessment of Ministries' needs for technical assistance formed the basis for a USAID request for State Department Science Fellows to provide short-term assistance to the Ministry of Agriculture and the Ministry of Environment's Forestry Agency to conduct LEDS analysis. A critical next step is development of a Terms of Reference for the sub-working groups, to be completed and vetted with the sub-working groups, the WG and the SC in Quarter 3.

The first steps in developing a LEDS include an emissions inventory, an assessment of data available for LEDS planning, and development of Business-As-Usual (BAU) emissions projections. Georgia has just completed an emissions inventory which is under review by the relevant Ministries. This inventory, together with the initial energy sector BAU, will be presented at the next Expert Working Group meeting (in Quarter 3), along with an overview of the Markal Georgia model and the methodology used to develop the existing energy sector BAU projection. Also at this meeting, the planned methodology and data needs for projecting the non-CO₂ energy sector GHG emissions and the non-energy sector emissions projections will be presented. The data needs will be based on the drivers of emissions associated with the current sectorial economic development priorities and plans.

Updating of the Markal Georgia model is a shared responsibility of EC-LEDS and the Hydropower and Energy Planning (HPEP) project, as HPEP is preparing Markal Georgia for use by the Ministry of Energy in developing an updated energy strategy. The current focus is on calibrating CO₂ emissions from the energy sector based on Georgia-specific emissions factors, adding non-CO₂ GHG emissions, adding mitigation options for the energy sector, and adding non-energy sector demands, processes, and mitigation options, with later updates in Quarters 3 and 4 to be focused on incorporating data collected through the national household end-use survey (HPEP) and the municipal end-use survey (EC-LEDS).

Meetings with the Ministry of Environment are held on approximately a monthly basis. In Quarter 2, the responsibility for the LEDS oversight was transferred from Deputy Minister Amiredjibi to First Deputy Nino Sharashidze, and again to Mr. Amiredjibi. During the monthly meetings with the Ministry, an introduction was provided to the assistance available from the EC-LEDS program and meetings with the various Ministries were planned. In addition, the Ministry of Environment requested staffing assistance for the climate change office, specifically for organizing the LEDS process and liaising with the relevant Ministries in developing the LEDS. Recruitment of a Georgian LEDS Advisor, to be seconded to the MOE climate change office, began during Quarter 2 in response to the MOE's request.

Due to the limited funds available for Component 3 under the EC-LEDS program, USAID envisions other donors playing a critical role in supporting the LEDS process. Therefore, USAID requested the Ministry to organize a donor coordination meeting, with the

assistance of EC-LEDS. A first step in preparing for this meeting is developing a clear understanding of the donors working on LEDS-related assistance and mapping it to the LEDS process and assistance requirements. EC-LEDS collected information on donor climate change programs. The next step is to map these programs to the MOE and other Ministry needs for technical assistance in developing the LEDS.

Public Outreach Activities

In order to reach EC-LEDS Clean Energy Program goals and build a clear understanding of the benefits of energy efficiency technologies and green buildings and tools for their implementation, the program incorporates public outreach activities across all components.

The Alliance to Save Energy's Senior Programs Manager, Ms. Astghine Pasoyan and Director of Representatives Office in Ukraine, Ms. Vira Illiash visited Tbilisi in January to support EC-LEDS in developing a strategy for the public awareness activities planned for Components I and 2. The Alliance team held meetings with Winrock International Georgia staff, and with the local subcontractors involved in the green buildings task including Sustainable Development and Policy Center (SDAP), the GBC Georgia, Remissia and the Energy Efficiency Center (EEC) Georgia to discuss the process and elements of the outreach strategy.

Ms. Pasoyan presented the Alliance's general experience of implementing energy efficiency outreach on national and municipal levels and for Homeowners' Associations (HOAs), and other target groups in various countries where the Alliance has implemented programs. Ms. Illiash further provided a detailed presentation of the public outreach program in Ukraine including the tactics, tools, audiences, distribution channels, specific activities, as well as results and lessons learned. The Alliance also provided background information on past research and successes in urban heating and building energy efficiency financing schemes in the region. The team also proposed the technical elements of the Green Building Rating and Certification outreach, which were drafted in advance, and invited the SDAP and GBC Georgia experts to comment. A Public Awareness and Communication Strategy was drafted and is currently being finalized, to be submitted to USAID in Quarter 3.

The draft strategy focuses on several core messages including:

- The opportunity to take responsibility for individuals to control their own energy costs and enhance comfort in their dwellings;
- The importance of saving energy in order to reduce greenhouse gas (GHG)
 emissions and the key role that multi-story buildings can play in achieving this goal;
 and
- The importance of saving energy in order to improve Georgia's energy security

The outreach strategy is designed to be implemented on several levels, including:

 A nationwide outreach effort will focus on communicating the importance of energy efficiency (EE) and clean energy (CE) measures for achieving LEDS and for reducing Georgia's dependence on foreign energy imports. Outreach efforts at the municipal level will disseminate these national information campaign messages to key municipallevel stakeholders. In parallel, regional outreach campaigns will be directed at achieving specific Project targets – e.g., municipal energy efficiency goals, development of SEAPs, and implementation of the new Green Buildings certification program.

The EC-LEDS Clean Energy Program held a project launch on January 28th in Sheraton Metechi Palace Hotel. The event was celebrated by USAID Mission Director Stephen Haykin, Minister of Environment Khatuna Gogaladze, Deputy Minister of Energy Mariam Valishvili, members of the Steering Committee on the Low Emissions Development Strategy, international donor organizations, NGOs and universities. The event was highlighted by mass media.

The Public Awareness/Outreach Manager produced a draft Program brochure and submitted to USAID for approval in March. The brochure will be distributed during municipality visits beginning in Quarter 3. A visit to East Georgia and Western Georgia in is planned, to become acquainted with the People with Disabilities (PWD), Gender and Youth NGOs active in the regions, and to assess the possibilities for integrating these cross-cutting issues into the outreach campaign. Meetings with local government representatives are also planned, to incorporate them into the national communications plan.

Implementation of the baseline survey will begin in the third Quarter, with the survey questionnaire design, conducting a pretest and completing interviews. This survey will collect data on knowledge, attitudes and behaviors useful for designing and implementing the National Communications Plan, including the Community-Based Social Marketing Campaign.

Financial Activities

On January 30,EC-LEDS team members attended the information Session about the *Call for Proposals for Sustainable Urban Demonstration Projects (SUDeP) Supporting the Eastern Partnership cities in the implementation of their Sustainable Energy Action Plans (SEAPs) under the Covenant of Mayors.* The workshop was conducted by the European Commission and was dedicated to the presentation of the SUDeP content and application process for the call for proposals from local Governments and NGOs. According to the regulations, only the SEAP signatory cities were eligible for receiving assistance in financing RE/EE demonstration projects targeted at the reduction of GHG emissions.

The ECLEDS program includes the task of identifying and implementing demonstration projects via partial grants to help municipalities identify potential demonstration projects on the basis of energy audits results; technical prefeasibility studies indicating the cost, energy savings, and greenhouse gas reductions of potential projects; and business plans indicating cost-effectiveness, financial benefits and cash flows of potential projects. The program is responsible for providing assistance to municipalities to request and apply for financing and, where feasible, to develop public-private partnerships (PPPs) to implement projects.

The SUDeP program's goals and objectives match this task well; therefore EC-LEDS decided to assist local NGOs in elaborating the project concepts and thus to become the associate member of each organization in the implementation of the identified projects. During March, Winrock met with several NGOs including Geothermia, the Association of Energy Engineers, and the Sustainable Development and Policy Center, among others, to discuss the SUDEP program goals and EC-LEDS' potential role as a supporting Associate member, in

assisting with development of concepts in response to the SUDeP call. EC-LEDS assisted several NGOs and municipalities in submitting concept notes for the SUDeP grant program. Five concept notes were submitted, with Winrock's assistance, in the total amount of EUR 4,788,990. Below is a brief description of each of the concept notes.

- 1. Tbilisi EUR 880,000 Supporting Renewable Energy Use in Tbilisi from a Geothermal Circulation System. This concept was developed and submitted by a local NGO Georgian Geothermal Association, in coordination with the Tbilisi municipality and the Ministry of Economy and Sustainable Development. The objective of the concept is to increase the use of geothermal energy as source for heating in Tbilisi. The main activities include arrangement of a geothermal circulation system based on geothermal resources at Lisi Lake, metering of newly added customers, and connection of "K. Mardaleishvili Medical Center" to the geothermal circulation system. The geothermal system will be operated by LTD "Geothermia", a 100% Government owned company under the Ministry of Economy and Sustainable Development. As a result of this project, more than 20,000 residents of Tbilisi will have access to an inexpensive, centralized hot water supply. The projected sale price for geothermal energy will not exceed 4-5 tetri per KWh, which is half the cost of natural gas and 25-30% less expensive than electricity. Thermal water will displace approximately 4 million cubic meters of natural gas, resulting in an 8,000 ton reduction of carbon dioxide emissions per year. Successful implementation of this project will facilitate introduction of similar systems using geothermal resources in Georgia. Other major urban areas where this project can be replicated include Zugdidi, Poti, Samtredia, Vani, and Khobi.
- 2. Tbilisi EUR 960,000 Piloting Energy Efficient Urban Housing in Tbilisi. This concept was developed and submitted by a local NGO "Georgian Energy Resources Effective Use Association (GEREUA,) with Tbilisi municipality and the Georgian Association of Local Officials as co-applicants. GEREUA has successfully implemented several USAID financed projects in the past in the areas of energy efficiency and renewable energy. The objective of the concept is to popularize the idea of efficient housing and improve efficiency in typical old buildings, resulting in increased efficiency, improved living conditions of the population and reduction of CO₂ emissions to contribute to fulfilment of Covenant of Mayors commitments undertaken by Tbilisi City Hall. To increase scalability and replication, a rigorous monitoring and evaluation will be conducted for a 6-month period after completion of the pilot project. The findings will be evaluated and social, economic and environmental benefits of increased energy efficiency in housing will be highlighted and disseminated through a comprehensive outreach campaign conducted by the Tbilisi City Hall. Tbilisi City Hall has expressed their intention to replicate this project and allocate financial resources to co-finance similar projects in Tbilisi, together with condominium associations.
- 3. Batumi EUR 1,500,000 Promotion of Green Municipal Transport in City of Batumi. This concept was developed and submitted by the Sustainable Development Center Remissia, with Batumi Municipality as a co-applicant. The objective of the concept is to promote green municipal transport services in Batumi, by installing methane collection and capture systems at the existing landfill and 4 sludge lagoons at the wastewater treatment plant, installation of state of the art technology for production of CNG from captured methane, supplying gas fueling stations in Batumi city serving municipal buses, and procurement of new buses running on CNG for the municipal bus fleet. As a result of this project, the amount of methane reduced by 2020 is estimated to be 1,861 tons

 $(39,081 \text{ tons CO}_{2eq.})$, or roughly 9% of total 2020 emissions in Batumi. This proposal will help the country to build capacity for the technology transfer process at the municipal level, for both methane capture from landfills and wastewater treatments plants, and using CNG for bus fleets. The transport sector is currently fully dependent on imported fuel; therefore, this project will demonstrate ways of increasing Georgia's energy independence. In addition, the project could have a regional impact and be replicated in Armenia and Azerbaijan. Armenia has a landfill gas capture system (a CDM project); other aspects of this project have not been implemented anywhere in the region.

- 4. Kutaisi EUR 800,000 Piloting of the 'Green City' idea in Georgia through establishment of green zone standards in Kutaisi as an element of sustainable urban development. This concept was developed and submitted by Kutaisi Municipality in collaboration with the Georgian Association of Energy Engineers as a co-applicant. The overall objective of the project is to demonstrate how emissions mitigation can be integrated into sustainable urban development, as well as fulfilling Kutaisi's commitments under the Covenant of Mayors (CoM). The city will integrate green zones into their local economic development plans. These green zones (i.e. street greening, botanical gardens, city parks) will increase the attractiveness of the city, thus facilitating a process for people and in some cases businesses to move to the city, and will demonstrate to other similar industrial cities how to integrate low emissions approaches and technologies into their economic development planning. The project addresses three important elements of sustainable development, namely:
 - i. demonstration of the long term effect of increasing green zones in cities from the global perspective of increasing GHGs sinks in cities having high emissions, and from the perspective of improving the local environment;
 - ii. introduction of the concept of green buildings and establishment of building standards and;
 - iii. increasing awareness and knowledge of green urban development (e.g. green zones and green buildings) by establishing a center for providing training, education and consulting services, to be located within the botanical garden.
- 5. Rustavi EUR 500,981 Retrofitting 3 kindergartens in Rustavi City in order to achieve high energy efficiency standards and greenhouse gas emission reductions. This concept was developed by Sustainable Development and Policy Center (SDAP) with the Rustavi Municipality as a co-applicant. The objective of this concept is developing and implementing a standard set of measures, materials and technologies to achieve high energy efficiency standards and reduction of greenhouse gas emissions in public buildings. This project will pilot energy efficiency measures in three kindergartens in Rustavi. The impact of installing these measures on beneficiaries from the perspective of both energy savings and social impacts (i.e. better heated spaces for children, cost savings for kindergartens, and increased safety through modern technologies) will be evaluated, and barriers to scaling up more investments in kindergartens will be assessed. Based on this evaluation, the project will document further improvements required in order to scale up these types of projects to other municipalities with similar climatic conditions throughout the post-Soviet space.

During Quarter 2, the EC LEDS team met with the Inogate Sustainable Energy team to discuss potential collaboration between the two programs. Inogate offers a comprehensive 5-day workshop for bankers – Capacity Building for Financing of EE/RE Projects - through

their Ad-Hoc Expert Facility (AHEF). EC-LEDS is identifying banks that could potentially be interested in the workshop and assisting banks in completing applications for submission to AHEF facility. Three banks have been identified as potential candidates for participation in the workshop due to their interest in EE/RE projects: ProCreditBank, TBC Bank and Bank Republic. Bank of Georgia has already participated in the workshop in the past. TBC Bank and Bank Republic are partners in EBRD's EnergoCredit progam and as such, deal with renewable and energy efficiency loans frequently, and are best positioned to benefit from Inogate's workshop.

Environmental Protection Activities

To ensure that all necessary measures are taken to protect the environment, and to comply with 22 CFR 216 Environmental Compliance Procedures and the approved Initial Environmental Examination (IEE, DCN: 2012-GEO-076) for this project, the EC-LEDS team is undertaking a series of activities to examine the environmental considerations of all initiative components and activities.

The approved IEE for the EC-LEDS program confirmed the potential for significant adverse effects of one or more activities and recommended carrying out an EA¹ or PEA pursuant to 22 CFR 216.3(a)(4). A scoping statement (SS) was developed for those EC-LEDS Clean Energy program components that are not subject to a categorical exclusion or negative determination with conditions (i.e., a positive determination) per the approved IIE. This included a literature review of environmental issues associated with the EC-LEDS program, developing baseline information to serve as the basis for future monitoring, analysis of alternatives to the proposed actions, and conducting a comparison of the environmental impacts associated with these alternatives.

During February, the EC-LEDS team organized program SS stakeholder meetings. The first stakeholder meeting was held in Tbilisi, at hotel 'TORI' on February 7th, 2014 and second meeting took place in Batumi at the Civic Engagement Center office on February 12th, 2014. The goal of the meetings was to:

- a) inform program stakeholders about the goal of the program and ensure their involvement at the early planning stage;
- b) discuss the potential types of projects supported by the EC-LEDS program;
- c) provide an opportunity for the proponents, relevant authorities, interested parties and other stakeholders to exchange information and express their views and concerns regarding the program and provide feedback; and
- d) ensure a positive attitude towards the program and increased cooperation between EC-LEDS Program and program stakeholders.

The stakeholder meetings, attended by 30 individuals, were delivered in Georgian and English with all meeting materials provided in Georgian and distributed among the participants. All comments and suggestions received from stakeholders during the scoping meetings were considered and included in the program scoping statement. On March 31, a

An EA per 22 CFR 216.6, shall be prepared based on the SS and cleared by BEO prior to the start of activities that have not been excluded from further review.

Scoping Statement Report was submitted to USAID for review and comment by the Mission Environmental Officer (MEO) and the USAID Europe and Eurasia (E&E) Bureau Environmental Officer (BEO).

Deliverables and Products Submitted

During the second Quarter of the program, the deliverables listed below were provided to USAID.

Component	Title/Description	Date submitted to USAID
all	EC-LEDS Quarterly Progress Report Oct-Dec 2013	10-Jan-14
all	EC-LEDS Work Plan and PMP Year 1 - Revised	24-Jan-14
Public	Project Launch January 28, 2014 Media Coverage	30-Jan-14
Outreach	Report	
Component 1	Letter to USAID documenting the criteria for municipality selection and ranking of the municipalities according to the criteria	19-Feb-14
all	EC-LEDS Work Plan and PMP Year 1 - Revised	21-Feb-14
all	EC-LEDS Work Plan and PMP Year 1 - Revised/Final	14-Mar-14
Environmental Compliance	Environmental Scoping Statement	31-Mar-14

Lessons Learned

The Sustainable Energy Action Plans (SEAPS) require specific expertise and analysis. Hiring locally available experts reduces costs and enables close interaction with the municipalities. However, hiring these experts takes time. It will be important to build in time for engaging these experts for future SEAP assistance.

The National Ministries and Agencies, based on the meetings held with EC-LEDS, are enthusiastic and have clear plans to develop their sectors sustainably and incorporating lower emission technologies. However, many of the technologies and approaches are very high in cost, and the economic and financial analysis of the options has not yet been conducted. These Ministries will need a clear roadmap of the steps and analysis required to make the economic case, both within the Government and to donors, that is required to attract the required funding. The LEDS provides the opportunity to develop this road map

III. PROGRAM PROGRESS (Quantitative Impact)

In January, EC-LEDS responded to USAID's conditional approval of the Work Plan and PMP. The Performance Monitoring Plan (PMP) was again revised in February and re-submitted to USAID to include only the indicators with targets, at USAID's request. Targets for EC-LEDS indicators were subsequently finalized and a final revision of the Year I Work Plan and PMP were submitted to USAID on March 17, 2014. Progress towards achieving targets may be found in the charts below.

INDICATOR TITL SKILLS IN THE								ге то	BUIL	DING THE E	E KNOWLEI	GE AND	
UNIT:	DISAGGR	DISAGGREGATE BY: None											
Number of	Geogr	raphic Loc	ation		Event		Date				total		
Training activities	Batumi, k	Batumi, Kutaisi			"On job training for the instructors on Data Gathering and Mitigation Measures"				1				
	Batumi, k	Batumi, Kutaisi		"On job training for the representatives of the municipalities on Data Gathering, Mitigation Measures and Planning"			March- April/201	4	1				
Results:													
Additional	Critorio	Baseline	Results Achieved Q2, 2014	by	Y1	Y2				Y3	End of	Project	
Additional Criteria If other criteria are important, add lines for			Achieved	d Target	Achieved	Target	Achieved	Tarç	get	Achieved	Target	Achieved	
setting targets and tracking													
# Training act	ivities					00					50		
		0	2	6		30)		50		

INDICATOR TITLE: NUMBER OF INDIVIDUALS RECEIVING USG SUPPORTED TRAINING IN ENERGY RELATED POLICY AND										
REGULATORY PRACTICES (OP 16)										
UNIT:	DISAGGREGATE BY: None									
Number	Geographic Location	Event	Date	total						
individuals	Batumi, Kutaisi	"On job training for the instructors on Data Gathering and Mitigation Measures"	March- April/2014	5 (1 female, 4 male)						

Batumi, Kutaisi Results:			On job trainin ne municipalit Mitigation Mea	ies on Data (Gathering,	of March- April/201		male)		
Additional Criteria If other criteria are	eria are		ed by		Y2		Y3		End of Project	
important, add lines for setting targets and tracking # Individuals		Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
	0	9	40		50		0		90	

INDICATOR TITL	E: NUMBE	ER OF DEV	VELOPERS	, INVESTOR	S/BUILDIN	G OWNERS	S/BUYERS A	AWARE OF	THE GREEN	N BUILDING	RATING
AND CERTIFIC	CATION S	YSTEM (C	OP 19)								
UNIT:	DISAGGR	EGATE BY:	None								
Number of	Geogr	aphic Loca	ation		Event		Date			total	
Businesses		Tbilisi		"First Workir Creation of G Cer	g Rating and	19 Decemb 2013		11			
Results:							•				
Additional C	Critoria	Resu Achieve Baseline Q2, 20		d by		Y2		Y3		End of Project	
If other crite important, add	If other criteria are important, add lines for		Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
setting targe trackin											
# Businesses											
		0	11	10		20		0		30	

The RFP for the baseline survey was issued and applications are currently being reviewed. Implementation of the survey will begin in the third quarter, including designing the survey questionnaire, conducting pretests and completing interviews. This survey will collect data useful for indicators related to the public outreach activities, as well as end-use data for component I SEAP analysis and data on knowledge, attitudes and behaviors useful for designing and implementing the National Communications Plan, including the Community-Based Social Marketing Campaign.

IV. MONITORING

Since the PMP was finalized in quarter 2, and implementation of most activities just began, no monitoring activities have yet taken place. Data Quality Assessment Worksheets were prepared for several indicators at the request of USAID.

V. PROJECT ADMINISTRATION

Constraints and Critical Issues

Due to upcoming local government elections to be held in June 2014, with the expected changes in the management of the municipalities, decisions on the COM process could change. According to the draft legislation on local governments, new self-governing cities may be identified by the Parliament prior to these elections. As indicated in the year I work plan, only 4 municipalities will be provided technical assistance for SEAP development in Year I. The remaining 6 municipalities may change, depending on the outcome regarding this legislation. High interest in SEAPS by almost all local governments in the potential new self-governing cities is expected. A second round of interviews with local governments will be held after the local elections, to verify the priorities for Year 2.EC-LEDS will also conduct a number of workshops by engaging broader stakeholder consultations to refine the weights used in the municipality evaluation criteria.

It was determined that capacity-building for local sub-awardees must be fast-tracked before moving to cost reimbursable agreements with advances. Winrock's Compliance manager held training on financial, compliance and other management issues with all local subcontractors and they developed and implemented key management and financial policies and procedures based on this training.

Personnel

One local staff person, a Monitoring and Evaluation specialist, Mr. David Gvenetadze, began work on January 15, 2014. Recruitment for a local LEDS Advisor is in progress.

Mr. Brian McCotter was engaged as the EC-LEDS International Outreach Consultant. Mr. McCotter will support the development and implementation of the baseline survey by advising the M&E consultant on measuring the impact of outreach programs, and will work with the EC-LEDS Communications and Outreach Manager in development and implementation of the outreach strategy and with the COP and Outreach Manager on design and implementation of the CBSM campaign. He will also work with the DCOP as the Component I GeMUNEE Component and Cross-cutting issues leads to incorporate cross-cutting issues and the LEDS Champions tasks into the outreach program, and with the Component 2 Green Buildings lead to include outreach needs for this component into the national communications and municipal outreach plans.

Dr. Michael Hanowsky was hired as an International LEDS Consultant. He supported meetings with the EC-LEDS Program partner Ministries through conducting research and developing succinct yet dynamic presentations with the purpose of engaging the Ministries in

the LEDS process. He will also research LEDS best practices and provide input useful for Georgia's LEDS process.

Changes in the Project

USAID is interested in committing more resources to provide Technical Assistance to the GoG for Component 3, Assistance to the EC-LEDS Steering Committee. EC-LEDS submitted a realignment request that included a revised approach to Component 2 with an associated reduced resource requirement, and an allocation of additional funds to Component 3. A modification to the cooperative agreement based on this request is expected in Quarter 3.

Contract Modifications and Amendments

The USAID Caucasus Regional Contracting Office has issued an Administrative Modification #2 for the EC-LEDS Program, dates as of March 14, 2014. The purpose of this administrative modification was to authorize payment by letter of credit in USAID's internal procurement and financial systems.

VI. NEXT QUARTER'S WORK PLAN

Implementation is expected to follow the submitted work plan except for the following:

- I. The April municipality SEAP data workshop planned for April has been postponed until May due to illnesses of key staff.
- 2. Development of the MRV plans to be incorporated into SEAPS has been delayed due to the fact that the COM Secretariat has not yet issued the guidelines. EC-LEDS is developing alternative guidelines for submission to, and approval by, the COM Secretariat.
- 3. The outreach campaign planning did not begin until Quarter 2 when the Alliance to Save Energy outreach expert was able to travel to Tbilisi. Therefore, launching of the outreach activities is slightly behind schedule. This includes the LEDS Champions for Change program, which has not yet begun.
- 4. Identification of demonstration projects to be funded through the EC-LEDS grant program has been delayed due to the focus during Quarter 2 on assisting municipalities to submit concepts in response to the SUDeP call.
- 5. Bankers' training focused on DCA could not begin as USAID has not developed a DCA. However, EC-LEDS is cooperating with Inogate, and planning to coordinate implementation training for bankers focused generally on EE and RE.
- 6. The initial GB assessment report was due to be finalized by February. It has been delayed and will be finalized in Quarter 3.
- 7. The Environmental Scoping Statement (SS) report to be submitted February 24th was submitted in draft to USAID on March 31st. Feedback on the SS from the Mission Environmental Officer and Bureau Environmental Officer is required before the PEA can be finalized. The PEA, which was to be submitted on March 28th, will be submitted to USAID in Quarter 3.
- 8. The Organizational Capacity Assessment was postponed due to the decision to conduct the management and accounting training in January and the Leadership training in the beginning of April. The OCA will be conducted in Quarter 3.

Annexes

Annex I: Schedule of Future Events

The EC-LEDS team and Remissia scheduled a workshop on SEAP development and monitoring for 10 selected municiplities. The workshop will be held in Tbilisi. The tentative date for a workshop is the week of May 5th.

During the reporting Quarter EC-LEDS and GBC Georgia prepared a list of stakeholders for the GBCWG and plan to conduct the next meeting of the working group in mid-May, 2014.

The National LEDS expert working group is scheduled to hold its next meeting the middle of May as well. At this meeting, the methodologies used to analyze and forecast Business-As-Usual emissions projections in the energy and non-energy sectors, data needs and results to date will be discussed.

Annex II: Planned Deliverables and Products

During the third quarter, the Green Buildings Assessment Report will be finalized and a report will be prepared on the Green Building Certification Working Group workshop and Municipality training, both planned for May.

The Communications and Outreach strategy will be submitted to USAID in Quarter 3. Additional products, including a Program Quarterly Newsletter and media coverage reports will be submitted to USAID as well.

A training report on the capacity-building training held during Quarter I will be submitted to USAID.

In Quarter 3, the Programmatic Environmental Assessment (PEA) report will be drafted and finalized.

Annex III: Media Coverage

TV Broadcasting Chanel: Rustavi 2

Date: January 28, 2014

Program: Courier

Clean Energy Program is implemented with the support of the US Agency for International Development. It aims at climate change mitigation and efficient management of natural resources. The parties have discussed the steps for National Strategy at the work group meeting.

'The project has two interesting components. One of them is introduction of voluntary system for rating and certifying green buildings. The second component is important as well that aims to support municipalities in quantifying and reducing emissions. Seven cities of our country are the parties to Covenant of Mayors and with the joint endeavor we can achieve positive results.' – Khatuna Gogaladze, Minister of Environment and Natural Resources.

'Of course, this will include energy sector, as one of the generator of emissions. We will try to emphasize the measures and activities that will serve as a basis for action plan in the energy direction, This trend is a new one and I am glad that the US Government has allocated resources for this purpose.' – Mariam Valishvili, Deputy Minister of Energy.









TV Broadcasting Chanel: Imedi

Date: January 28, 2014

Program: Kronika

Today the US Government presented a Clean Energy Program in the framework of Low Emission Development Strategy. The project was presented by USAID Mission Director Stephen Haykin. The project consists of three components and aims to support Georgian municipalities in institutionalizing and implementing climate change mitigation measures, promote and facilitate private- sector investments in energy efficiency and green buildings and build the capacity of the Government of Georgia (GOG) to develop and implement a national Low Emissions Development Strategy.

'The project is extremely important in its essence. Despite the priorities that has already been determined, there are measures that should be implemented for the low emission development. One of the components of this project is elaboration of this strategy and support of the Georgian Government.' - Khatuna Gogaladze, Minister of Environment and Natural Resources.

'This will be a basis for this trend in various spheres: whether this is applicable and achievable. Of course this will include energy sector, as one of the generator of low emissions. We will try to emphasize the measures and activities that will serve as a basis for action plan in the energy direction.' – Mariam Valishvili, Deputy Minister of Energy.

'The US Government is glad to cooperate with the Government of Georgia, municipalities and organizations. This project is aimed at environmental changes. We support new technologies that will help to implement this project.' – Stephen Haykin, USAID Mission Director.









TV Broadcasting Channel: Channel One Date: January 28, 2014

Program: Moambe

The Minister of Environment presented a new project. Clean Energy Program is the name of the project which aims at mitigation of climate change through utilization of clean energy. Minister explains that Low Emission Development Strategy is a document that establishes a political course of Government towards climate change problem.

'The project has two interesting components. One of them is introduction of voluntary system for rating and certifying green buildings. The second component is important as well that aims to support municipalities in quantifying and reducing emissions. Seven cities of our country are the parties to Covenant of Mayors and with the joint endeavor we can achieve positive results.' – Khatuna Gogaladze, Minister of Environment and Natural Resources.









News Agency: newsport.ge
Date: January 27, 2014

Title: Ministry of Environment and Natural Resources of Georgia will Conduct a Presentation of a New Project

Tomorrow, at 11.00 AM, at the Sheraton Metechi Palace Hotel, presentation of the project Enhancing Capacity for low Emission Development Strategies/Clean Energy Program will take place. Presentation will be attended by Minister of Environment and Natural Resources of Georgia Khatuna Gogaladze, Deputy Minister of Energy of Georgia Mariam Valishvili and USAID/Georgia Mission Director Stephen M. Haykin and invited guests.

According to Ministry of Environment and Natural Resources of Georgia, the main goal of the project is to ensure climate change mitigation by using energy efficient measures and clean energy.

News Agency: sazogadoeba.ge Date: January 28, 2014

Title: Presentation of a Project – Enhancing Capacity for

Low Emission Strategies Development

Deputy Minister of Energy of Georgia, Mariam Valishvili attended a presentation of the project entitled Enhancing Capacity for Low Emission Development Strategies.

Presentation was attended by Minister of Environment and Natural Resources of Georgia Khatuna Gogaladze and USAID/Georgia mission representatives. Program is implemented by USAID-supported organization Winrock International Georgia.

The aim of a new program is to assist Georgian municipalities in institutionalizing and implementing climate change mitigation measures, promote and facilitate private-sector investments in energy efficiency and green buildings and build the capacity of the Government of Georgia to develop and implement a national Low Emission Development



News Agency: news.boom.ge Date: January 28, 2014

Title: USAID-supported Project Enhancing Capacity for Low

Emission Development Strategies Has Been Launched

Tbilisi - Deputy Minister of Energy of Georgia Mariam Valishvili has attended presentation of a project entitled Enhancing Capacity for Low Emission Development Strategies.

Presentation took place on Tuesday at the Sheraton Metechi Palace Hotel. The event was attended by Minister of Environment and Natural Resources of Georgia Khatuna Gogaladze and USAID/Georgia mission representatives. Program is implemented by USAID-supported organization Winrock International Georgia.

The aim of the new program is to assist Georgian municipalities in institutionalizing and implementing climate change mitigation measures, promote and facilitate private-sector investments in energy efficiency and green buildings.

News Agency: pia.ge

Date: January 28, 2014

Title: Mariam Valishvili Attended A Presentation

Meeting at the Sheraton Metechi Palace Hotel was attended by the Minister of Environment and Natural Resources Khatuna Gogaladze and USAID/Georgia representatives.

Project is implemented by USAID-supported organization Winrock International Georgia. Aim of the new project Enhancing Capacity for Low Emission Development Strategies is to assist Georgian municipalities in institutionalizing and implementing climate change mitigation measures, promote and facilitate private-sector investments in energy efficiency and green buildings and build the capacity of the Government of Georgia to develop and implement a national Low Emission Development Strategy (LEDS).



Date: January 28, 2014 Title: **Announcement**

Presentation of a project entitled Enhancing Capacity for Low Emission Development Strategies will take place at the Sheraton Metechi Palace Hotel today.

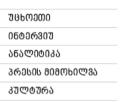
Presentation will be attended by Minister of Environment and Natural Resources of Georgia Khatuna Gogaladze, Deputy Minister of Energy of Georgia Mariam Valishvili and USAID/Georgia Mission Director Stephen M. Haykin and invited guests.

According to press service of the Ministry of Environment and Natural Resources of Georgia, the main goal of the project is to ensure climate change mitigation by using energy efficient measures and clean energy.

According to Ministry, concept of Low Emission Development Strategy was established in "Copenhagen Agreement" that was signed by the parties at the 15th Conference on Climate Change Framework Convention in 2009 in the capital of Denmark, Copenhagen. According to this agreement Low Emission Development Strategy is an integral prerequisite to sustainable development.

Low Emission Development Strategy represents a document that elaborates country's policy regarding climate change problem, as well as measures, programs and implementation plans.

According to the agency, the document will assist country to accelerate climate change driven economic growth.



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12:17 27.01.2014 ახალი ფრონტის ხაზი

სექტორი

არასამთავრობო

[ვრცლად]



დაბალემისიებიანი გაწვითარების სტრატეგიების თემაზე პროექტის პრეზენტაცია გაიმართება

09:56 28.01.2014

პროექტის - "დაბალემისიებიანი გაწვითარების სტრატეგიების შესაძლებლობათა გაძლიერება სუფთა ენერგიის პროგრამა" პრეზენტაცია დღე,ს

სასტუმრო "შერატონ მეტეხი პალასი"-ში გაიმართება.

პრეზენტაციას გარემოსა და ბუნებრივი რესურსების დაცვის მინისტრი ხათუნა გოგალამე, აშშ-ს საერთაშორისო განვითარების სააგენტოს მისიის ხელმძღვაწელი სტივენ ჰეიკინი, ენერგეტიკის მინისტრის მოადგილე მარიამ ვალიშვილი და მიწვეული სტუმრები დაესწრებიან.

გარემოს დაცვის სამიწისტროს პრესსამსახურის იწფორმაციით, პროექტის მიზანია კლიმატის ცვლილებების ზემოქმედების შერბილების ზრდის უზრუნველყოფა ეწერგოეფექტური ღონისძიებებისა და სუფთა ეწერგიის გამოყენებით.

სამინისტროს გაწმარტავს, რომ "დაბალემისიებიანი გაწვითარების სტრატეგიის (დეგს) ცნება 2009 წელს დანიის დედაქალაქ კოპენჰაგენში, კლიმატის ცვლილების ჩარჩო კონვენციის მხარეთა მე-15 კონფერენციაზე მიღებული "კოპენჰაგენის შეთანხმებით" დამკვიდრდა, რომლის თანახმადაც "დაბალემისიებიანი განვითარების სტრატეგია" მდგრადი განვითარების განუყოფელ წინაპირობას წარმოადგენს.

"დაბალემისიებიანი განვითარების სტრატეგია" არის დოკუმენტი, რომელიც მკაფიოდ აყალიბებს კლიმატის ცვლილების პრობლემასთან მიმართებაში ქვეყნის კონკრეტულ პოლიტიკურ კურსს, ქმედებებს, პროგრამებსა და განხორციელების

გარემოს დაცვის უწყების იწფორმაციით, დოკუმეწტი საქართველოს დაეხმარება დააჩქაროს კლიმატის ცვლილებაზე ორიენტირებული ეკონომიკური ზრდა, ასევე,



14:28 28.01.2014 როგორ დამარზეს "კარდონში" ჩადებული სენაკის ბავშვთა სახლის აღსაზრდელის გვამი საიდუმლო ვიძ

რატომ ხურავენ მავშვთა სახლემს? რა პირომემში აშვილებენ ბავშვებს და ხორციელდემა თუ არა იმ მავშვემის მდგომარეომის მონიტორინგი,



პენალტი ღარიზაშვილს

პარლამენტის თავმჯდომარემ და კოალიცია "ქართულ ა. -- (....ე... "ე...იაულ ოცნეზაში" შემავალი პარტია - "რესპუზლიკელეზის" ერთერთმა ლიდერმა დავით უსუფაშვილმა,



News Agency: epn.ge

Date: January 28, 2014
Title: Announcement

On January 28th, 2014 a presentation of the Project Enhancing Capacity for Low Emission Development Strategy will take place at the Sheraton Metechi Palace Hotel. The event will be attended by the Minster of Environment and Natural Resources of Georgia Khatuna Gogaladze, Deputy Minister of Energy of Georgia Mariam Valishvili and USAID/Georgia Mission Director Stephen M. Haykin.





















